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WASHINGTON TAKES KEY ROLE IN EGYPTIAN-ISRAELI NEGOTIATIONS

U.S. Adopts New Mideast Approach

The kaleidoscopic events of the last month have forced the Carter administration to sharply alter its approach to a Middle East peace, dropping its all-consuming focus on Geneva to play a key part in the developing Israeli-Egyptian negotiations. Israeli Prime Minister Menachem Begin's surprise trip to the U.S. last week highlighted Washington's new role in trying to bring Israel closer to Egypt on basic principles—especially the Palestinian question—which are seen as central to an overall Mideast settlement.

The first public indication of this shift in strategy came from Sec. of State Cyrus Vance on the eve of his six-nation trip to the Mideast. Asked about a date for a Geneva conference—which had previously been the centerpiece of U.S. efforts in the Middle East—Vance replied: "I don't think it's that important. I think the important thing is now to see what progress we can make at the Cairo conference. That is what is on the table now." Geneva, still adhered to in principle, has receded into the background as a place to ratify a series of bilateral agreements which the U.S. hopes the Arab states will negotiate with Israel.

Sadat's dramatic visit to Jerusalem and his call for a Cairo conference left the U.S. with little choice but to alter its approach. The Carter administration's strategy had been overtaken by events. That strategy was essentially to reconvene the Geneva conference this year to begin negotiating a comprehen-

sive peace settlement. The Soviet Union, as co-sponsor of the conference, would be both involved in the negotiations and implicated in the final outcome. Until Sadat's visit to Israel, efforts to get Geneva going had bogged down in procedural disputes centering on the role of the PLO.

Sadat leapfrogged over the procedural dilemmas—including the participation of the PLO—and directly raised key substantive issues with Israel. In doing so, he gave up more than his Arab partners were willing to surrender—recognizing Israel and pledging to renounce war. If all that is not enough to win concessions from Israel, then the other Arab states—which were more skeptical of Geneva talks than Sadat—are not likely to agree to a new round of negotiations in Geneva or anywhere else. In this sense, there is no turning back from Sadat's gamble.

This radical change in the situation initially threw the Carter administration into confusion and debate. At first the U.S. welcomed the direct Egyptian-Israeli contacts, but stressed they should not be allowed to sabotage an overall settlement. U.S. officials told reporters they were unsure whether Sadat's initiative pointed in the direction of Geneva or away from it.

Former Secretary of State Henry Kissinger publicly criticized the administration for its preoccupation with Geneva and a comprehensive settlement. Geneva, argued Kissinger, should be

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REPORT DISPUTES SPENDING PRIORITIES

Battle Begins Over '79 Defense Budget

An intense debate has already begun over next year's defense budget. That struggle is now taking place largely within the Carter administration over the size of the Pentagon budget that will be presented to Congress in late January for fiscal year 1979, which begins next October. Some of President Carter's advisers, seeking additional funds for domestic programs, and officials of the White House Office of Management and Budget (OMB), seeking to hold down the level of federal spending, have coalesced to pressure the President to accept a figure of about \$125 billion for the FY 1979 defense budget. The military, on the other hand, presented Secretary of Defense Brown a budget totalling over \$134 billion—a figure which Brown has reportedly already cut back to \$130 billion. The internal struggle now apparently is over \$5 billion—the difference between the OMB's and Brown's figures.

Anti-Soviet hardliners inside and outside the government have pressed hard for substantial increases in defense spending for the last three years. They are now pushing for a minimum of \$130 billion for the FY 1979 budget—which would provide three percent real growth over this year's budget of \$117 billion. Even if the OMB wins the current struggle and Carter

approves a \$125-127 billion defense request, there will likely be a hard-fought battle in Congress to restore the cuts to reach toward the military's goal of \$134 billion.

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Model of air-launched cruise missile at Boeing plant in Seattle

Italy: Reaching a Breaking Point?

Strikes, student protests and urban guerilla attacks may force an end to the stalemate that has dominated Italian politics since the Christian Democrats and Communists finished a near dead-heat in last year's election. Three major strikes in the past month—one involving more than a million metal and auto workers, 250,000 of them marching on Rome—have forced government ministers of Christian Democratic Prime Minister Giulio Andreotti to begin their first hard bargaining with union leaders in many months. A resumption of protests this fall at Italy's overcrowded universities, as well as an increasing number of urban guerilla attacks, have brought demands for action from law-and-order advocates.

And, within the Communist Party, an officially-promoted discussion is underway to reexamine the "historic compromise" strategy that seeks a multi-party democratic coalition with the Christian Democrats to tackle Italy's problems. Discussion is needed, in the words of central committee chairman Luigi Longo, because of an "identity crisis" in the party. All indications are that Italy's tensions will increase, not wind down.

The economy has only made a partial rebound from runaway inflation and debt levels reached two years ago. A major struggle took place last spring when the government, with Communist cooperation, was negotiating for an International Monetary Fund loan. At that time, rank-and-file union activists resisted, with some success, IMF-inspired efforts to slow down Italy's automatic wage escalator. But the battle lines are shaping up once more. Inflation has dropped only 6 percent from last year's 22 percent; the growth rate has slumped again to 2 percent; unemployment has remained at about 1.7 million, with about half of those out of work under 30; and, the credit restrictions on government spending set by the IMF—\$22 billion for 1978—will be exceeded by as much as \$4 billion.

In the last year more than \$1.8 billion has been repaid to the IMF and other lenders, to their satisfaction. Nevertheless, international financiers—the key to further credit for investment and jobs—may insist on deeper, structural changes to lower labor and public service costs and to correct state sector inefficiencies.

The continuing parliamentary stagnation that prevents programmatic reforms in social and economic relations is being challenged on several fronts. One attempt to break the impasse involves nine refer-



More demands for law and order

endums initiated by the small Radical party. Voting on the referendums could take place this spring—unless parliament passes the legislation itself, or, unless new, general elections are called. The main issue—right to abortion—was defeated last June in the Senate. But it was a prospective abortion referendum that was a catalyst for the June, 1976, balloting, and it could happen again.

Other pressures for parliamentary action arise from the unmet expectations created when the six major parties drafted a Programmatic Accord in June—a 57-page diagnosis of Italy's ills and possible remedies that has barely been implemented. The Communists were widely criticized by the left for accepting the document, especially portions that would strengthen the government's repressive apparatus. And there have been internal divisions within the Christian Democrats over the accord's proposals for reform of the Christian Democrat's state industrial patronage domain, and over a planned shift of the functions of some central government ministries to Communist-dominated local and regional authorities.

The Communists viewed the accord as a major non-revolutionary advance toward a grand coalition. However, party members are restless. Nearly a third polled in October opposed the Communist policy of abstaining on major votes that has kept the Andreotti government afloat by avoiding parliamentary showdowns. Enrollment in the party's youth section has dropped more than 100,000 in the past year, and the decline in party membership is estimated at up to 10 percent. The leadership will carefully analyze voter response in upcoming local administrative elections originally scheduled for November but delayed.

As the crisis deepens the Christian Democrats may eventually be forced to bring the Communists into the government, with a formal sharing of ministerial

powers and concessions on some major reforms such as redistribution of income. This could take place before or after another inconclusive general election within the next six months. Without the Communists and their ability to heavily influence the country's leading trade union, the Christian Democrats would have little chance of gaining even short-term cooperation on a harsher austerity program. Communist attractiveness to the Christian Democrats would be enhanced by the Communist's continued support of the Common Market and NATO, their disapproval of enlarging the state sector (now 45 percent of the economy), and their relatively successful administration of scores of local governments. Finally, there is speculation that the split in the French Socialist-Communist alliance may have reduced international capitalist fears of an imminent Eurocommunist takeover, thus making the Italian Communists more acceptable at a time of national emergency.

A second possibility is quite different and appears less likely at this point—an end to the Communist's historic compromise strategy and a move closer to union with other left parties. This could result from a combination of continued Christian Democratic stalling to keep the Communists out of power, spreading protests within the Communist Party and its working-class base, and a major national crisis aggravated by government paralysis. The Communists may soon believe they have captured as many middle-class votes as they can get, and that their respectability will survive a shift to the left. Whether or not the Communists are ready to change their line—and perhaps some leaders—the mere existence of the option adds further pressure for the Christian Democrats to bring the Communists into government. —BW

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South Africa: U.S. Firms Digging In

U.S. banks and corporations—under increasing attack for their loans and investments in South Africa—"are digging in their heels," according to a *New York Times* survey published this month. "We've been there over 50 years, and we plan to be there for a long time to come," General Motors told the *Times*.

More than 350 U.S. multinationals operate in South Africa with a total direct investment of nearly \$1.7 billion—an estimated 17 percent of total foreign investment there. Moreover, U.S. banks have outstanding loans and credits in South Africa of at least \$2.2 billion and critics say as high as \$3 billion.

Despite Polaroid's recent decision to end its marketing agreement with its South African distributor, most U.S. corporations, including all the giants, plan to continue to expand their South African operations, according to the Dec. 4 *Times* report. The Caltex Petroleum Corporation, which is owned jointly by Texaco and Standard Oil of California, is spending \$134 million to increase its refining capacity in South Africa. Goodyear Tire and Rubber Company, which employs 2,590 South Africans, told the *Times* it could foresee "nothing that would lead us" to withdraw.

U.S. business leaders in South Africa formed a new American Chamber of Commerce last month to boost trade and investment. "We do not see ourselves as a

political grouping at all," says Clifford Lyddon, a leader of the association and head of Esso Standard Oil Company in South Africa, an Exxon subsidiary. "But if the South African government, for instance, wanted to speak to a body representing American businessmen, well, here we are."

At present, U.S. government policy is officially to neither encourage nor discourage U.S. investment in South Africa. However, the U.S. Export-Import Bank granted \$172.3 million in loan guarantees for South Africa in the last fiscal year, the U.S. Department of Agriculture's Commodity Credit Corporation lent South Africa \$4.6 million for purchase of U.S. farm products, and the U.S. contributed \$76.7 million to a \$363 million International Monetary Fund loan to the

apartheid regime. The IMF loan was arranged during the Ford administration, but the other two loans came under the Carter administration. "No wonder Prime Minister John Vorster can dismiss the Carter administration's reaction to his repressive policies as 'totally irrelevant,'" writes James Morell of the Center for International Policy in the *Philadelphia Inquirer*. "Why should he care as long as the money keeps coming?"

Continuing turmoil in South Africa and pressure from church, union and anti-apartheid groups in the U.S. has caused some U.S. corporations to withdraw (Polaroid, Burlington Industries, Weyerhaeuser) and others to merge their subsidiaries into South African companies (Chrysler, ITT, Phelps Dodge). Banks are also beginning to question South Africa's post-Soweto "creditworthiness."

To assuage the fears of U.S. banks and corporations, South Africa is accelerating its lobbying and public relations program in the U.S. It is opening a fourth U.S. information office in Chicago (others are already located in New York, Washington and Los Angeles). And South Africa has raised its annual payments to Sydney S. Baron and Company, a New York PR firm, from \$365,000 to \$650,000. The South Africans are particularly anxious to protect their access to U.S. capital and technology—both vital to the country's modern, industrial economy. —ST



Johannesburg bus: "nonwhites only"

Defense

[continued from page 1]

Administration officials and liberals in Congress seeking to hold down Pentagon spending have gained allies from major labor and urban organizations which have backed a report on defense programs that questions many of the foreign policy assumptions behind current plans for expansion of U.S. forces, and offers specific proposed budget cuts. The report, "Military Policy and Budget Priorities," was prepared by Townsend Hoopes, former undersecretary of the Air Force, and Herbert Scoville, former deputy director of the CIA.

Hoopes and Scoville argue that the planned expansion of U.S. forces "is not warranted at this time either by the general climate of international conditions or by the present and prospective state of U.S.-Soviet or U.S.-China relations." They argue that in fact, "a number of our military deployments can be safely reduced," and that the savings produced

would "permit transfer of funds to socially useful programs."

The Hoopes-Scoville report, which will be presented to the OMB this week, was endorsed by heads of the U.S. Conference of Mayors, the United Auto Workers, the Urban League, AFSCME, the National Education Association, and the International Association of Machinists. They write in the introduction to the report that they "anticipate severe competition for federal funds in the coming years," and that as a result, "the country's spending priorities will have to be scrutinized closely, not only to identify waste, but also to insure that the federal budget appropriately reflects the national commitment to social justice and a secure standard of living."

Hoopes and Scoville believe that more than \$10 billion per year can be cut from the defense budget for the next four years—saving between \$40 and \$50 billion. The cuts would include cancellation of some strategic and conventional weapons systems, a slowdown in procurement of other new weapons, a halt to

expansion of the tactical air force, and a cutback from 16 to 10 army divisions. Many of the cancellations proposed would cut only hundreds of millions of dollars in the FY 1979 budget, but would save billions over the next 10 years. The controversial MX mobile ICBM, for example, is budgeted for only \$245 million next year, but would ultimately cost \$35 to \$50 billion.

The report argues that recent foreign policy "frustrations" of the U.S. have not been the result of military weakness. "Larger military forces would not have enabled us to roll back the price of oil, manage the transition from minority white rule in Southern Africa, or effect a political settlement in the Middle East. Our decision *not* to intervene militarily in these situations did not follow from a judgement that our military forces were inadequate, but rather from a considered conclusion that none of these situations lent itself to a military solution."

Hoopes and Scoville also challenge the hardliners' warnings about the "Soviet threat," arguing that there is no "signifi-

"REMOTE CONTROL DICTATOR"**Turner Provokes Crisis at CIA**

The CIA, already shaken by investigations and revelations over the last several years, is now experiencing its most serious crisis of internal morale of the last 15 years. That crisis has been aggravated by the recent dismissal of some 200 covert operatives and by plans for another 225 or more firings by the end of 1978. But the deeper problem apparently stems from what Agency employees see as arbitrary actions by President Carter's CIA Director, Stansfield Turner. Carter's former Annapolis classmate is now being called the "remote control dictator" inside the Agency for his isolated rule through a host of trusted Navy aides he brought with him to replace long-time CIA people in key positions.

Most of those fired or scheduled for dismissal in the coming months are from the CIA's clandestine branch, the Deputy Directorate of Operations (DDO). Many of them were spooks in Indochina—the reports on the firings revealed that at one point, nearly 2,000 CIA agents operated in Laos, Cambodia and Vietnam—although the vast majority of the DDO personnel to be let go are now operating out of the CIA's Langley, Virginia, headquarters. Turner's goal is not just dismissal of these people, but elimination of their jobs—800 out of a total of about 4,500 covert operators.

Turner has also given the ax to some important people now in the field. He has



Turner: out to lunch at the CIA?

reportedly fired the CIA's agent with best access to top levels of the Israeli government, and has dismissed at least seven station chiefs, including those in West Germany, England, Austria, and Canada.

Turner's purge also has included top personnel—and the purge is continuing. Henry Knoche, who was Deputy Director and acting Director before Turner took over, resigned August 1 after being frequently overruled and frozen out by his new boss. Knoche's deputy, Louis Latham, is resigning under pressure. William Wells, the director of DDO, is also under pressure and may soon be forced out. And Cord Meyer, Wells' top assistant and an East Coast Brahman, has already been given his "pink slip" and will be gone January 1. All four are CIA

intention to invade, occupy or rule Western Europe." Hoopes and Scoville oppose the planned expansion of U.S. forces oriented to Europe, but they recommend against the withdrawal of any Army combat forces at this time, while urging serious efforts to negotiate mutual East-West force reductions. They also support Carter's efforts to improve combat readiness of U.S. forces in Europe and to encourage greater standardization and interoperability of NATO weapons systems.

Hoopes and Scoville—both strong arms control advocates—are especially concerned to halt development of potentially destabilizing strategic weapons systems with counterforce capability, including the MX, the Mark 12-A warhead and NS-20 guidance system for Minuteman III missiles, the MARV super-accurate warhead, and the Trident II missiles. And in a significant departure from administration thinking and the reported terms of the new SALT II accord, Hoopes and Scoville oppose development of all strategic range cruise missiles, including air, ground and sea-launched versions.

—BG

veterans who joined the Agency in its early days, and the view inside the CIA is that Turner's aim is to purge the old guard.

Much of the grumbling over dismissals has been objection to the manner in which Turner has handled them. Agents have received "eyes only" memorandum saying they will be recommended for dismissal, and then the word has been passed that the "pink slip" will not go into their file if they retire immediately.

"You really heard them crying, haven't you," Turner commented to *Newsweek* when asked about the reports of the summary firings without even a "thanks" for service. The Admiral later expressed "regret" for that "unfortunate remark," and emphasized that he was simply carrying out plans of previous administrations to cut back the CIA by up to 1,200 operatives over the next six to eight years. He had collapsed that time-table into two years, he said, to save taxpayers' money.

Conservative columnists Evans and Novak, who are opposed to Turner's purges of covert operatives, have raised the specter that the firings "will create a pool of unemployable, middle-aged intelligence agents, some of whom might be ripe for going public with intelligence secrets (as many other ex-CIA agents have recently done)—or even for recruitment by the Soviet KGB." Revelations or defections by former agents, however, apparently did not result from the last major purge of the CIA in March 1973 when James Schlesinger eliminated about 2,000 employees from all parts of the Agency.

What Turner is up to is apparently a well-kept secret from the rest of the CIA. Some speculate that he has cut back DDO because he prefers electronic intelligence to human intelligence gathering and is skeptical of the value of "dirty tricks." Turner denies he is favoring electronic intelligence. But even if this is the case, the firings will leave about 80 percent of the jobs in the clandestine branch of the CIA, and presumably most of the Agency's covert capability, intact.

Whatever Turner's goals, the larger policy implications that may lie behind—or result from—his moves at the CIA have not been revealed. But it does seem clear that the resulting demoralization at the CIA is likely to remain for some time and may reduce the Agency's clout in the intelligence community in Washington and its effectiveness in covert operations abroad.

—BG

cant element in present or prospective U.S.-Soviet relations that requires us, rationally, to expand our military forces." They reject the notion that in the last decade, rising Soviet military power has led to U.S. losses and Soviet gains. "Western frustrations and setbacks have been fundamentally unrelated to Soviet military strength," they argue, while the "overall U.S.-Soviet balance remains stable."

Hoopes and Scoville call for significant force reductions in Asia, including withdrawal of ground troops from South Korea, although they would retain U.S. airpower in Korea and the U.S. defense commitment to Seoul.

They argue that in Europe, "there is no doubt that Warsaw Pact forces have achieved significant overall strength and modernization improvements in the past ten years. At the same time, however, NATO forces have been comparably modernized and upgraded," and the "overall military balance in Europe is stable." In addition, "there is little indication in Soviet policy of any aggressive

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SECRET OPERATIONS

From 1961 to 1973, the FBI carried out secret intelligence operations in Mexico which included using agents provocateurs to plant bombs in order to discredit student leaders—according to material obtained from FBI files under the Freedom of Information Act by the *Washington Post*. The Mexican press recently featured stories based on the files, which show that covert FBI agents in Mexico City—including the legal attaché at the American Embassy—operated a vast network of informants and counter-intelligence operatives throughout the country. The U.S. press has so far emphasized the domestic FBI operations described among the 52,648 pages of files obtained by the *Post*, ignoring information about the Bureau's foreign operations, which are illegal under U.S. law. The agents in Mexico apparently functioned "unofficially," and, according to the documents, J. Edgar Hoover kept their activities secret even from the CIA. Some documents indicate the network continued to operate as of October of this year.

According to a series of articles based on the FBI documents published in the Mexico City daily *Excelsior*, the Bureau had informants in most important government ministries, all the important political parties, several unions, and even in *Excelsior* itself. Through these informants the FBI tried to keep track of what Hoover considered "communist subversion" in Mexico. Agents were also ordered to actively intervene in events to create divisions and sow distrust among groups and leaders. One memo from Hoover congratulates the U.S. Embassy legal attaché for the "strategic and effective bombings," apparently aimed at discrediting an unidentified group. Hoover was obsessed with the border area, and with Chicano activists in the U.S. One memo shows the FBI encouraged U.S. police to plant drugs in the cars of Chicano leaders to "get them out of commission for a while." An especially incriminating memo indicates the FBI manufactured evidence in an attempt to show that Chicanos running for political office in Texas in the early 1970s were getting money from the Mexican government.

PEKING SEEKS WESTERN TECHNOLOGY, ARMS

Peking may soon begin buying nuclear power plants, radar equipment, computers, military equipment and other high-technology goods from Western Europe and the United States. Foreign Trade Minister Li Chiang last week completed an extended visit to Britain and France to discuss trade and to tour nuclear power generating stations, aircraft factories, and other industrial installations. Li discussed trade with French Prime Minister Raymond Barre Dec. 12, and officials indicated China's interest in purchasing nuclear power plants, the wide-bodied French Air Bus civilian jetliner, the Transall military transport plane, and the Puma troop-transport helicopter. A top-level Chinese military delegation which visited France in Sept. reportedly showed interest in French anti-tank and anti-aircraft weapons and the new Mirage Delta 2000 jetfighter.

Li also indicated further Chinese interest in the British Harrier vertical take-off and landing jetfighter during his visit to Britain. He toured Hawker-Siddeley production lines and watched a demonstration flight of the sophisticated jet. The British government said Dec. 6, however, that China had made no formal request to buy the Harrier.

The Carter administration may soon be forced to come to a decision on sales to China of U.S. military-related technology.

According to *Business Week* Nov. 21, "a dozen U.S. companies are quietly working on orders that need security clearances." When these companies apply for approval of sales of such quasi-military equipment as computers, the magazine predicts, "it will start a whole intra-agency frenzy in Washington."

The Chinese have recently purchased about \$50 million worth of U.S. equipment for on- and off-shore oil drilling. And next month, a high-level delegation of Chinese petroleum experts will visit the U.S. at the invitation of the Energy Department—the first such tour officially sponsored by the U.S. government. Chinese space and telecommunications delegations have toured West European factories and installations recently.

RHODESIANS USING HERBICIDES?

The governor of Mozambique's Tete province, Antonio Thai, told reporters Dec. 9 that Rhodesian paratroopers poisoned food supplies during one of their recent raids into Mozambique. The governor said invading Rhodesians sprayed a grey powder on harvested crops, killing chickens and livestock. He said the poison was detected before any people were killed.

Tete, one of three provinces which border Rhodesia, holds key transit camps for Zimbabwean guerrillas fighting Ian Smith's white-minority regime. According to Gov. Thai, Rhodesian troops have attacked Tete 65 times this year, killing 120 Mozambicans, in addition to Zimbabwean refugees and guerrillas. "We want to say very clearly that we will continue to support the armed struggle in Zimbabwe," he stressed. But the Mozambique official added: "It is also the responsibility of the international community to reinforce our defense capacity. We have no heavy arms. We see Rhodesian aircraft cross our border but we have no guns to shoot them down."

THE BATTLE FOR MASSAWA

Guerrillas fighting for the independence of Eritrea were reportedly engaged last week in hand-to-hand combat with Ethiopian troops in the Red Sea port city of Massawa. The leftist Eritrean People's Liberation Front (EPLF) says it has sent 10,000 guerrillas into the battle to try to capture the vital port city from 8,000 Ethiopian soldiers. If Ethiopia loses, the only important town in Eritrea under its control will be Asmara, the capital—and Asmara is already under siege.

The EPLF controls seven major towns. Another group, the Eritrean Liberation Front (ELF), also controls substantial territory. In the past, the leftist EPLF and the nationalist ELF have been openly hostile to each other and have fought it out on the



Eritrean guerrillas advancing against Ethiopian forces

battlefield many times. But after long negotiations in Sudan, the two groups have reportedly agreed to form a united front.

Eritrea is about the size of New York state and has some three million people. For 50 years it was an Italian colony, then a British protectorate. In 1952 the UN voted to federate the province with Ethiopia. Ten years later, the late Emperor Haile Selassie annexed Eritrea and immediately the local population began fighting for their independence. The loss of Eritrea would leave Ethiopia land-locked.

Soviet and Cuban advisors are reportedly helping the Ethiopians try to hold on to Eritrea. EPLF military chief Isayas Afewerki told Reuters Dec. 8 that Moscow and Havana were "committing mistakes" by supporting Ethiopia's military regime, adding that this was "not in line with the principles of socialism."

U.S. REJECTS TRADE PACKAGE

A new package of trade liberalization measures drawn up by the Japanese government this month was rejected as inadequate last week by the Carter administration. Chief U.S. **japan** trade negotiator Robert Strauss said the package—brought to Washington by Japan's newly appointed External Trade Minister Nobuhiko Ushiba on Dec. 12—fell far short of the minimum goals sought by the U.S.

The Japanese proposals were drawn up in an intensive effort after a U.S. trade team visited Tokyo last month. The team delivered what Japanese viewed as an ultimatum to eliminate the country's mammoth trade surplus, which is expected to reach \$18 billion this year. The delegation warned Japan that it must offer a satisfactory program this month or face the strong possibility that Congress will enact tough laws restricting Japanese imports when it returns in January. The U.S. pressed Japan to set a deadline by which time it would begin running a deficit—that is, buying more imports than it sells in exports. Ushiba told U.S. officials Japan was prepared to allow a deficit but could not set a target date. Japan's trade package would reduce tariffs on some 300 items, but this is not expected to enable Japan to balance its books in the near future. The U.S. wants Japan to institute more drastic removal of import barriers and to launch a large domestic stimulus program to increase internal demand for imports.

FORCED EXILE FOR POLITICAL PRISONERS

Indonesia announced the release of 10,000 political prisoners Dec. 15. However, most of the detainees will reportedly be shipped to remote settlements where they will remain under government

control. In northern Sumatra, site of the biggest ceremonial release, 1,500 acres have been set aside for political prisoners. The prisoners involved are "Category B" detainees, who were arrested at the time of the military coup in 1965 but never brought to trial for lack of sufficient evidence.

This month's release is part of a three-year release program announced by the Indonesian government a year ago. At that time, the government said that an unspecified number of the released prisoners would be relocated to permanent resettlement camps on the prison island of Buru and elsewhere. The government's stated reason for the camps was a lack of jobs in the capital.

Amnesty International, which has launched a worldwide campaign to seek the freedom of political prisoners in Indonesia, says that by the beginning of 1976, the government had shipped at least 13,000 Category B prisoners to the prison island of Buru "in conditions of utmost secrecy." On Buru, said Amnesty, "prisoners had been forced to build their own permanent detention camps, create arable land out of a hostile environment, to grow their own food, and to supply food to the military guards. Conditions on Buru were severe, the diet grossly inadequate, medical facilities and care almost non-existent, resulting in an alarmingly high death rate." Amnesty concluded that "forced exile to a distant and harsh location does not constitute a 'release' of political prisoners."

HAPPY NEW YEAR!

This is issue no. 24 of the *Bulletin*—our last for 1977. The first issue of 1978—our fifth year of publication—will be dated Jan. 16. Our thanks to all of you who have sent in gift subscriptions and some very encouraging words of support. We wish you all a very happy New Year.

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[illegible]

NATO: NATO ministers have agreed to deploy the neutron bomb in Europe but want to wait to make a formal decision until after the conclusion of the Belgrade conference to avoid political embarrassment. (*Los Angeles Times* 12/7) • **ARGENTINA:** 800 people signed a petition published in the daily *La Nacion* calling on the government to provide information on relatives who have disappeared. (Reuter 12/10) The State Dept's human rights office has blocked the sale of \$3 million in aircraft replacement parts to Argentina (*Aviation Week* 12/12) • **LOANS:** Despite U.S. opposition, the Interamerican Development Bank approved new loans to Chile and Argentina (Agence France Presse 12/8) • **MEXICO:** Mexico and the U.S. signed a \$99 million trade agreement, the first in 35 years, lowering tariffs on agricultural and industrial sales between the two countries. (UPI 12/2) • **COPPER:** A no vote from Chile blocked efforts of the world's five main copper-exporting countries to agree on a plan to boost copper prices, which are at their lowest level in 20 years (Reuter 12/7) • **ARMS:** The U.S. and Soviet Union opened talks in Washington on reducing world-wide arms sales. (Reuter 12/14) • **DEBT:** Sweden, which recently cancelled \$200 million in debts from poor countries, suggested that all creditor nations write off a total of \$20

billion in debts from the world's poorest states. (Reuter 12/12) • **SPAIN:** Three days of strikes and protests in support of Andalusian home rule left one person dead, scores injured and a member of Parliament beaten. (Reuter 12/6) • **ANGOLA:** At its first national Congress the ruling MPLA transformed itself into the Angolan Workers' Party (Angolan News Agency 12/10) • **SAHARA:** The Polisario Front charged that French combat planes strafed one of its guerrilla convoys Dec. 2, indicating direct French intervention in the war for independence in the Western Sahara. (Reuter 12/10) • **VIETNAM:** Church World Service has launched a nationwide appeal to send 10,000 metric tons of wheat to Vietnam in Feb. in the first direct shipment from a U.S. port to Vietnam since the war. (Church World Service 12/6) • **TIMOR:** Amnesty International criticized Indonesia for refusing to permit the international committee of the Red Cross to investigate reports of atrocities committed in East Timor by Indonesian armed forces. (Reuter 12/1) • **TURKEY:** The U.S. and Turkey reportedly reached an agreement in principle under which Turkey would offer compromises in the Cyprus dispute with Greece, and the U.S. would seek to have the Congressional arms embargo on Turkey lifted. (*Christian Science Monitor* 12/7)

Mideast

[continued from page 1]

seen as a place for ratifying agreements, not for substantive negotiations. In this way, the U.S. could minimize the influence of the "most radical elements" in the Arab world and of the Soviet Union, whose interests in the Middle East, he said, "are not parallel to ours."

The Carter administration also concluded that its continuing stress on reconvening Geneva was misplaced, since if Sadat's initiative failed there would be no point in even talking about Geneva. First, the other Arab states would be distrustful of efforts to negotiate with Israel for some time to come. Secondly, the specific mechanism which the U.S. had devised to get the various parties to Geneva—a pan-Arab delegation including Palestinians—is out of the question as long as the Arab world is deeply split over Sadat's initiative.

As a result, the focus of U.S. efforts, including Vance's trip to the Mideast, is now to ensure that something comes of Sadat's efforts. To that end, the U.S. has:

- publicly expressed full support for Sadat.

- privately urged him to slow down and abstain from any new dramatic actions. Vance convinced Sadat to make the Cairo talks "open-ended" to allow time for developments that could persuade the other Arab states to attend later on.

- persuaded the Begin government that the hour for compromise has arrived and that it must make concessions or lose the chance of an overall peace.

- urged Syria, Jordan and Lebanon not to rule out participation in the talks at a later stage if Israel does make significant concessions in principle.

- encouraged Saudi Arabia—whose role as financial backer gives it weight with Sadat, Syria and the PLO—to encourage compromise from all three. The Saudis have appealed for Arab unity and have reportedly told the U.S. that concessions from Israel are needed to give them "something to work with" in efforts to win support for Sadat's moves.

- tried to get the Soviets to help per-

suaire Syria and the PLO to consider participation in the talks at some point.

Sadat indicated to reporters before the Cairo talks opened December 14 that he was counting heavily on the U.S. to take advantage of the opening he had created with Israel to win concessions on basic issues. Sadat also said that U.S. help would be needed to bridge differences that are certain to arise between Israel and Egypt during the talks. "The U.S. must be ready to step in whenever a hitch develops," he said. The key question now is whether the new positions that Israel has developed on basic issues—especially the West Bank—can satisfy Egypt, and whether Sadat can sell them to moderates in the Arab world.

Both the U.S. and Egypt insist that Sadat's initiatives are a stepping stone to an overall settlement. Although the Egyptian-Israeli talks are bilateral by default, Sadat stresses that he is not simply pursuing narrow Egyptian interests. First, he says, he is seeking concessions from Israel on two fundamental principles that are key to an overall settlement: withdrawal to pre-1967 borders and establishment of a homeland for the Palestinians.

Sadat reportedly hopes to incorporate these principles into a formal statement which would serve as the preamble to peace treaties between Israel and each of its neighbors. He has said he would submit the results to an Arab summit where each Arab government can decide whether he has "hewed to the Arab strategy." "After that," Sadat told *U.S. News & World Report* Dec. 19, "each individual Arab government must take the responsibility of working out the details of its own new relationship with Israel." U.S. officials indicated last week that if the other Arab nations refuse Sadat could then feel free to negotiate a separate peace with Israel.

Syria and the Soviet Union accuse Sadat of using the talks as a cover to do precisely that. A separate peace agreement threatens Syria, because it would effectively eliminate the option of war against Israel and therefore greatly reduce Syria's bargaining power in securing return of the occupied Golan Heights or supporting Palestinian demands for a homeland.

The Carter administration still appears to be hoping that the Cairo talks will lead to an overall settlement—one made up of a series of bilateral agreements. The U.S. fears that the alternative would be a continuing split in the Arab world—which would mean a loss of American leverage over Syria, Lebanon and the PLO and an increase in Moscow's role in the Middle

East. The administration argues that a peace that leaves out the Palestinians or lacks Soviet backing would not endure. "A separate peace," one diplomat in Cairo told the *New York Times*, "wouldn't resolve the tensions in the region, it wouldn't ease the danger of an East-West conflict here, it wouldn't rule out the use of the 'oil weapon' against us."

The U.S. describes the repeated hints of a separate Egyptian-Israeli peace as part of the effort to pressure other Arab states into joining the talks. But if Syria, Jordan and Lebanon ultimately refuse to take part in the bargaining, a de facto separate peace is likely to appear more attractive to Washington than the alternative of no settlement at all. And it could still be described as a "stepping stone" to some distant overall peace accord. —JA

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